2006 ANNUAL REPORT

OFFICE OF THE MISSOURI STATE AUDITOR

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SUSAN MONTEE

STATE AUDITOR

ANNUAL REPORT

Missouri State Auditor
Susan Montee, CPA

YELLOW SHEET

Each year, the Missouri State Auditor's Office produces an annual report, summarizing the findings from the previous year's audits. This year, in addition to the 62-page report, the office has produced a yellow sheet with key findings, as outlined in that report. It is important to note that audits are intended to help Missouri repair problems; the summary below necessarily highlights areas that need attention, rather than areas of success.

- The Department of Education, Tuition Levels Follow-Up focused on tuition increases and factors affecting tuition levels in the Midwest. The audit found that Missouri's $5,829 average annualized tuition for four-year public institutions was the highest tuition Among Big 12 states, second only to Illinois among the contiguous state, and above the national average.
- Truman State University did not periodically bid some services as required, does not have a formal policy related to food purchases, and some expenditures may not be a prudent use of university funds. The University subsidized the Truman State University Foundation's operating expenses, which may violate the Missouri Constitution.
- The Department of Elementary and Secondary Education used incomplete data reported by schools to calculate 2004 high school graduation rates for local and national reporting purposes. Our review of transfer records disclosed student departures had not been properly documented and/or classified.
- Missouri's 524 public school districts spend approximately $2 billion annually on goods and services that can be competitively bid. The state has not established any type of procurement guidelines to help school districts regarding procurement policies, nor established an Internet-based electronic bid solicitation system.
- The Department of Health and Senior Services (DHSS) has only implemented 9 of 32 recommendations made in two previous audits. Some of the recommendations were included in both reports.
- The state spent approximately $233 million during fiscal year 2005 for home and community-based personal care services provided to Medicaid eligible elderly and disabled individuals, recoupment of Medicaid funds amounted to approximately $503,000; however, an assumed error rate of 1 percent would equal $2.3 million in improper program payments.
- Transportation development districts (TDD) have the authority to impose sales taxes within the TDD boundaries to pay transportation-related project expenditures; however, it appears often only a single property owner/developer petitioned for the creation of the district. Sixty-two of 69 TDDs reported total estimated revenues of over $787 million would be collected during the lives of the respective TDDs.

(over)

- The Department of Mental Health's Joplin and Springfield Regional Centers have not taken adequate steps to ensure clients receive the best care possible. We noted problems related to the regional centers' management of client funds, documentation is not reviewed to support the amounts billed by service providers for client services and steps have not been taken to ensure Medicaid reimbursements from Targeted Case Management services are maximized.
- Missouri's progress has been slow toward achieving the state's goal of communications interoperability. Among 46 percent of Missouri's 28 Homeland Security Response Teams interoperability problems include a lack of radios and cellular phones, age of equipment and a lack of towers and repeaters. Also, emergency responders were not properly trained and equipped to communicate in a unified environment.
- The Department of Revenue (DOR) Branch Office Conversion incurred unnecessary closing costs that could have been avoided. The General Revenue Fund paid approximately $39,000 in lease expenditures for vacant office space during the period of May 14, 2005 through October 31, 2005. Additionally, the DOR did not allow an equal opportunity for everyone to inspect equipment from the 11 former branch offices prior to making a bid; however, the 11 contract agents were allowed to inspect the equipment and, in most cases, use the equipment for several months.
- We reviewed four of the 20 Solid Waste Management Districts statewide. Current tonnage fees paid by solid waste haulers were set approximately ten years ago and may not be an accurate reflections of the current costs incurred by the program. Over 50 percent of the tonnage fees collected were allocated for district grant funds. The districts did not submit quarterly reports to the Department of Natural Resources within the required timeframe, are accumulating large fund balances and are not spending grant funds on a timely basis.
- The Board of Probation and Parole's management system failed to adequately monitor offenders and the performance of field officers. Our office found that as the level of supervision and required number of contacts increased, compliance percentage generally decreased.
- Through June 30, 2005, the state received tobacco settlement payments totaling over $965 million. Instead of funding a comprehensive tobacco prevention program, approximately 69 percent of the tobacco payments received were transferred to the state's General Fund and used to cover state’s budget shortfalls.
- The Ozark Fire Protection District had misappropriations in the form of improper and questionable charges to district credit cards over $28,000, and approximately $24,000 was electronically disbursed from the district's bank account without authorization. Additionally, the Johnson County Recorder's office allowed misappropriations of at least $23,187 and due to other missing records, additional monies may be missing but not identified. Misappropriations resulted from lack of internal control and independent oversight.
- The State Auditor's Office audited several political subdivisions in 2006, including the cities of Pine Lawn, Moscow Mills, Battlefield and Butterfield. The citizens of Pine Lawn petitioned for the city to be audited for the third time in eleven years. Of the 37 recommendations reported in 2000, only six were implemented and another six were partially implemented. The city is in poor financial condition and there is no evidence that elected officials are providing guidance and control. Moscow Mills is in poor financial condition as a result of overspending, inadequate oversight and improper budgetary practices. Battlefield lacked documentation for Federal Emergency Management Agency payments to the former mayor, proposals for services and credit card expenditures. The Village of Butterfield is also in a declining financial condition as a result of overspending, inadequate oversight and monitoring by the Board of Trustees, numerous internal controls weaknesses, and lax controls over expenditures.

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------------------------------A MESSAGE FROM THE STATE AUDITOR

The Citizens of Missouri
The Honorable Matt Blunt
The Missouri General Assembly

I am pleased to present the Missouri State Auditor's Annual Report. This document is required by the Missouri Constitution and provides information related to the audit reports issued by our office for calendar year 2006.

In 2006, the State Auditor's Office looked at many aspects of education in Missouri, spanning from preschool through higher education with the Kansas City Model Cities Early Head Start Program audit, auditing Missouri high school graduation rates, reporting on tuition rates and auditing Truman State University. We continue to follow the Department of Health and Senior Services' work with our elderly citizens with the Monitoring of Nursing Homes and Handling of Complaint Investigations audit and the Follow-up on Home and Community Based Services audit.

During the year, our office looked at various mental health facilities, the Homeland Security program, and the hidden taxes in Transportation Development Districts. We continue to conduct audits throughout the state of school districts, cities, fire protection districts and other political subdivisions through citizen petition requests, as well as county audits.

Our office remains committed to assisting state, county and local governments to become more efficient, and to ensure government accountability to Missouri taxpayers.

Very truly yours,

Susan Montee

Susan Montee, CPA, JD

OVERVIEW OF THE MISSOURI STATE AUDITOR'S OFFICE

Missouri State Auditor Susan Montee

DUTIES OF THE STATE AUDITOR

In the Missouri Constitution, under Article IV, Section 13, the Missouri State Auditor is responsible for auditing all state agencies, boards and commissions; the state court system; counties that do not have a county auditor; and other political subdivisions, such as cities or school districts upon petition by the voters of those subdivisions.

All audits are conducted in an impartial, nonpartisan manner, in accordance with government auditing standards issued by the United States Government Accounting Office. State auditors adhere to the rigorous standards of the auditing profession and exercise the highest levels of integrity and ethics. Audit findings and recommendations are based upon reliable evidence free from preconceived notions and the influence of personal opinions.

AUDITS PERFORMED IN THE OFFICE

There are primarily five types of audits that are performed in the State Auditor's Office. They include the following:

1) *State Government Audits*: Audits of state agencies and departments, boards and commissions, statewide elected officials, the General Assembly, the judiciary, the state's financial statements, and federal awards expended by the state.

2) *Petition Audits*: The State Auditor may be called on to audit any political subdivision of the state, such as cities, school districts, water districts, etc., if enough qualified voters of that political subdivision request an audit. The political subdivision pays the actual cost of the audit.

3) *Performance Audits*: Independent audits for the purpose of reporting on the extent to which agencies and departments of state government are faithfully carrying out the programs for which they are responsible and determining whether the programs are achieving their desired result.

4) *County Audits*: The State Auditor is required to conduct audits once every four years in counties that do not have a county auditor.

5) *Special County Audits*: The State Auditor conducts a special audit after a vacancy occurs in a county collector's office, before the Governor appoints a replacement.

For a complete listing of year 2006 audits delivered, please see Appendix A / page 54.

BOND REGISTRATION

The State Auditor's Office is responsible for reviewing and registering general obligation bonds issued by political subdivisions in Missouri to ensure those bonds comply with both state law and the conditions of the contracts under which the bonds were issued. For a complete listing of bonds registered in 2006 with the State Auditor's Office, please see Appendix B / page 57.

REVIEW OF PROPERTY TAX RATES

State law requires the Missouri State Auditor to annually certify all taxing jurisdictions throughout Missouri as to their compliance with state law and the tax limitation provisions of Missouri's Constitution, Article X, Sections 16-24, commonly known as the Hancock Amendment. Our tax report shows whether a taxing jurisdiction has met its constitutional and statutory obligation to set an overall tax rate at a level approved by voters and within the bounds of limits set by Missouri's Constitution and state law. Through the efforts of the State Auditor's Office, local governments levying taxes in excess of the amount allowable by law have been reduced from 67 in 1999 to 12 in 2006.

IMPORTANT: The State Auditor's Office does not have the authority to reduce the tax rate of any taxing jurisdiction. Additionally, the State Auditor's Office has no authority to determine or review individual tax assessments. Chapter 138, RSMo, governs the appeals process for assessed valuations as they pertain to individual taxpayers.

YEAR 2006
AUDIT HIGHLIGHTS

EDUCATION

Education of Missouri's children is a top priority of the state and impacts Missouri's future economic and social development. During 2006 the State Auditor's Office conducted audits of all areas of education, from preschool through college. Our audits looked at university tuition increases, Truman State University, high school graduation rates, school district purchasing and procurement practices and the Kansas City Model Cities Early Head Start program.

DEPARTMENT OF HIGHER EDUCATION, TUITION LEVELS FOLLOW-UP

This report focused on tuition increases and factors affecting tuition levels. Missouri's public institutions continue to have some of the highest tuition levels in the Midwest. Although institutions have taken a variety of actions to reduce costs, some institutions still may not be operating as efficiently as possible. In 2004, Missouri received an "F" for affordability from the National Center for Public Policy and Higher Education.

Over the last three fiscal years (2004-2006) Missouri's average tuition level increase has been the lowest of the Big 12 states. However, Missouri's $5,829 average annualized tuition for four-year public institutions was still the highest tuition among Big 12 states, second only to Illinois among the contiguous states, and above the national average of $5,491 for fiscal year 2005-2006. Tuition continued to increase at rates above inflation and personal income.

In fiscal years 2002 and 2003, the General Assembly cut state funding for higher education. In fiscal year 2003, the state cut 10 percent of state funding to higher education from the core fiscal year 2002 budget amount. In fiscal years 2004 through 2006, state funding to higher education remained relatively stable but at the new lower levels. In addition, above-inflation spending by some institutions during fiscal years 2003 through 2006 also influenced increasing tuition levels.

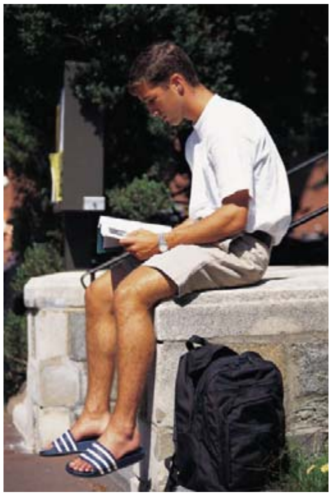
The Department of Higher Education (DHE) has not collected information and data for assessing the cost-effectiveness of academic programs, the largest component of higher education spending, since 2002. Formal mission reviews, required by state law, were halted due to budget reductions and staff turnover and will only resume with reinstated funding and personnel.

The DHE lacks authority to arbitrate disputes between public institutions. A recent dispute concerning an agreement between two Missouri public institutions resulted in legal action. DHE unsuccessfully attempted to mediate a settlement between the two institutions, but as of June 2006 this dispute had not been resolved. Consequently, these institutions are spending public resources to litigate their issues.

(Report No. 2006-52)

TRUMAN STATE UNIVERSITY

The university did not document its evaluation and selection of the provider of architectural services for five of eight construction/renovation projects reviewed. The fees paid to the architectural firms for four of these projects totaled approximately $1.4 million.



The university did not periodically bid some services as required. Collection agency services were last bid over 10 years ago and bids had not been solicited for soda and snack vending services since 1988. The auditors also noted that reasons for selecting law firms to handle litigation are generally not documented, and in February 2005, the university did not solicit bids for copying services related to a lawsuit involving the university.

Auditors noted some expenditures which may not be a necessary or prudent use of university funds during the three years ended June 30, 2005, including:

- Approximately $72,000 spent on charter flights to transport board members to and from board meetings,
- $19,904 on annual service recognition banquets and staff recognition luncheons,
- $3,251 on retirement and service recognition gifts, and
- $10,053 for a November 2003 luncheon and reception for the current president's installation.

The university does not have a formal policy related to food purchases. During the three years ended June 30, 2005, the university spent a significant amount on food-related expenditures, with over $493,000 being expended for this purpose from the university's unrestricted funds.

The multi-year contracts with the university's current and previous presidents have been on a rolling-year basis, or extended so as never being allowed to expire. Should the Board of Governors wish to terminate an extended term contract, buyout terms could prove costly. Additionally, university presidents have been allowed to accumulate vacation days without restriction, with accumulations to be paid out upon retirement or termination. Upon retirement the previous president was paid approximately $45,000 for 470 hours of unused vacation leave accrued during his employment with the university. If he had been subject to the same accrual limit as other university employees, the cost of his vacation leave payout would have been reduced to approximately $15,300.

The university has increased tuition rates each of the last five years; however, it does not adequately document the annual reviews of its tuition rates, including how any related increases are calculated or determined. While decreases in state funding in recent years have affected tuition levels, auditors did not always see a clear correlation in changes to state funding levels and the increases in tuition levels.

The university has not established formal written policies and procedures regarding the handling of delinquent student accounts. As of June 30, 2005, approximately $389,000 in delinquent student accounts had been turned over to private collection agencies. In addition, delinquent accounts totaling approximately $28,200 were written off as uncollectible during fiscal year 2005.

The Truman State University Foundation is a tax-exempt, charitable, not-for-profit corporation established to support the goals and activities of the university. The university subsidized over $340,000 of the foundation's operating expenses during the year ended June 30, 2005. Most of these subsidies related to eight employees in the advancement office who are paid from university funds, but who spend much, if not all, of their time working on foundation activities. The practice of subsidizing the foundation with university funds may constitute the granting or lending of public funds

to a private entity, which is prohibited by the Missouri Constitution.

(Report No. 2006-31)

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION, HIGH SCHOOL GRADUATION RATES

High school graduation rates reported by some Missouri schools, as well as the statewide rates reported to the federal government by the Department of Elementary and Secondary Education (DESE), are unreliable and inaccurate. State and federal laws require Missouri schools to report high school graduation rates each year.

DESE used data reported by schools to calculate 2004 high school graduation rates for local and national reporting purposes. However, that information did not include data on approximately 19,000 of the 75,000 students who started ninth grade four years earlier. Our review of transfer records at 11 schools disclosed student departures had not been properly documented and/or classified. School records for the 2,653 students classified as transfers showed transcript request forms were on file for 57 percent of those students; however, these schools had no documentation available for 11 percent of the students. While school personnel had notations indicating the school where another 29 percent of the students had transferred, no transfer request forms had been received and/or retained. Documentation showed the remaining 3 percent of the students had dropped out instead of having transferred.

Discussions with school personnel at the 11 schools disclosed personnel at only 1 school had been aware of record retention requirements. One school, due to decreased storage space, only kept transfer records from the 2004 school year. Another stored transfer records for each year in separate boxes, however boxes from school years 2000 through 2003 could not be located. None of the schools could locate all transcript requests for students that exited the school prior to graduation.

Missouri is currently developing the Missouri Student Information System (MOSIS) to help local schools and districts track individual students for testing purposes. Once installed in all of the Missouri public schools it will have the capability to track and identify students in pre-kindergarten to twelfth grade. This system should also allow DESE to verify high school graduation rates calculated by individual schools and to more accurately report statewide high school graduation rates in compliance with federal law. However, DESE has not developed a plan to fully implement the MOSIS and does not anticipate fully implementing the student tracking capabilities until 2008.

(Report No. 2006-20)

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION, SCHOOL DISTRICT PURCHASING PRACTICES

Missouri's 524 public school districts spend approximately $2 billion annually on goods and services that can be competitively bid. We visited a sample of 15 school districts based on their student enrollment and location in the state.

Ten of the 15 districts visited did not competitively select at least one professional service contract we reviewed. For other goods, inconsistent district procurement procedures existed. State law requires construction expenditures exceeding $15,000 to be competitively bid. There are also state requirements for bidding insurance and

architectural and banking services. However, there are no state laws regarding bidding on all other purchases of goods and services at the school district level.

The state has not established any type of procurement guidelines to help school districts regarding procurement policies. Other states, such as Texas, Florida and Arkansas, have implemented or are implementing legislation intended to increase the fiscal accountability of school districts. These states have established financial management "best practices," which include guidelines on procurement.

North Carolina and Louisiana have established Internet-based electronic bid solicitation systems for state agency use that allow government entity purchasers, including school districts, to access vendors across the state. Missouri maintains a purchasing system that notifies vendors of potential state agency requests for bids. However, this system is not Internet-based and can only be accessed by state agencies. A Division of Purchasing official stated there are no plans to make it available for use by other government entities.

Auditors observed situations where the competitive selection process and other procedures have been inadequate or could be improved. Districts had not (1) developed formalized procurement policies, (2) maintained adequate documentation of the procurement process, (3) fully taken advantage of cooperative purchasing opportunities, (4) taken advantage of electronic ordering and approval systems, (5) coordinated school supply orders across the district to maximize purchasing power, or (6) always considered state purchasing resources.

(Report No. 2006-43)

DEPARTMENT OF SOCIAL SERVICES, CHILDREN'S DIVISION-EARLY CHILDHOOD AND PREVENTION SERVICES-EARLY HEAD START CONTRACT WITH KANSAS CITY MODEL CITIES CHILD DEVELOPMENT CORPORATION

Governor Blunt requested the State Auditor's Office audit the contracts awarded to the Kansas City Model Cities (KCMC) Child Development Corporation by the Department of Social Services (DSS), Children's Division (CD), Early Childhood and Prevention Services (ECPS) for the state Early Head Start (EHS) program. During the period July 1, 2001 through December 17, 2004, the DSS paid the KCMC over $5.3 million for the state EHS contract.

The contracts with the DSS for the period July 1, 2001 to December 17, 2004, required the KCMC to provide EHS services to children ages birth to three years whose families' incomes were under the federal poverty level, and pregnant women, in Jackson County, Missouri. As required by the contract, the KCMC contracted with three partner agencies to provide services to 121 children and 22 pregnant women. The KCMC also provided home-based services directly to 12 pregnant women and contracted with other family childcare providers to serve 12 children. Over $4.5 million paid by the state to the KCMC was then reimbursed to the partner agencies for their EHS services. Our review of the KCMC's services provided, related records, and the ECPS's management of the EHS program identified numerous problems.

The ECPS did not adequately monitor the financial activities and records of the KCMC. The ECPS did not review the financial records of the KCMC or partner agencies to ensure the amounts reported on quarterly claims and year-end reports were accurate and represented allowable costs as defined by the contract. Instead of reimbursing the

KCMC for actual expenses paid, the ECPS allowed the KCMC to submit a quarterly claim for an advance of one-fourth of the annual contract amount. As a result, the ECPS had little assurance that state funds were used for allowable costs and that all monies were accounted for properly.

Although the KCMC paid the partner agencies the proper amounts based on the partners' claims and documentation, these payments were not always accurately recorded in the KCMC's general ledger. This resulted in inaccurate quarterly claims and year-end reports, and some overpayments to the KCMC.

Supporting documentation was not available to identify the specific expenses allocated to personnel and indirect costs, totaling more than $750,000, during the period July 1, 2001 to December 17, 2004.

The ECPS did not adequately review financial activity related to the state funded EHS program during a joint monitoring visit with the U. S. Department of Health and Human Services (DHHS). In addition, the ECPS, along with the DSS, did not obtain and review the KCMC's audit reports and related findings. As a result, the ECPS missed opportunities to identify and address significant findings in the KCMC's operations that affected the state's EHS program.

(Report No. 2006-34)

SENIOR ISSUES

The Missouri State Auditor's Office looked at the Department of Health and Senior Services' (DHSS) monitoring of nursing homes and handling of complaint investigations, as well as how well the Department of Social Services provided home and community based services.

DEPARTMENT OF HEALTH AND SENIOR SERVICES' MONITORING OF NURSING HOMES AND HANDLING OF COMPLAINT INVESTIGATIONS

The Department of Health and Senior Services (DHSS) has only implemented 9 of 32 recommendations made in two previous audits. Some of the recommendations were included in both reports. Significant cuts in surveyor positions contributed to some of the deficiencies noted.

The Section for Long-Term Care Regulation (SLCR) is responsible for conducting federal and state surveys/inspections on the nearly 1,160 licensed nursing homes and residential care facilities in the state. During fiscal year 2005, the SLCR did not perform 72 (11 percent) and 400 (41 percent) of the full and interim state-mandated inspections, respectively, as required by state law. 58 of the facilities received neither a full nor an interim inspection in fiscal year 2005. This situation represented a significant decline in the SLCR's compliance with its statutory inspection responsibilities compared to the 2003 audit. In addition, some of these facilities have been cited repeatedly for the same deficiencies.

Certification and/or inspection packets were not always submitted to Central Office within the specified time frame. In 20 of 88 files reviewed, the packets were submitted untimely. This condition was also noted in the prior two audit reports.

A review of 60 federal survey and state inspection files disclosed a 3 percent error rate in the proper classification of state deficiencies cited in inspections. Also, during fiscal year 2005, the SLCR did not prepare performance evaluations of its survey employees as required by state law. This condition was also noted in the 2003 audit report.

State surveyors tend to cite fewer deficiencies when federal inspectors are not present to monitor the federal survey process. We determined that in those surveys in which federal inspectors accompanied the SLCR surveyors, 83 percent of the deficiencies cited by federal inspectors during the inspections were also cited by the state surveyors. However, in those surveys where the federal inspectors conducted a separate inspection within two months of the state survey, only 15 to 20 percent of the deficiencies cited by the federal inspectors were also cited by state surveyors.

We identified the following concerns regarding SLCR's handling of such complaints:

- On-site complaint investigation visits are not always initiated in a timely manner as required. Error rates ranging from 1 percent for Priority A calls (allegations of imminent danger) to 28 percent for Priority C calls (other allegations of resident harm that do not rise to the level of higher priority calls) were noted. This condition was also noted in the two previous audit reports.

- The SLCR runs periodic reports of pending complaint investigations that are overdue for an exit meeting. We compared the January and February 2006 overdue reports and noted that 107 complaint investigations were

listed as overdue on both reports, of which 105 were in the St. Louis region. It was determined the exit meetings had been conducted for most of these complaint investigations; however, documentation related to these meetings had not been entered into the system.

- It was noted that the reporter and applicable facility are not always officially notified of a complaint investigation's outcome within the required timeframe.

The SLCR has no minimum staffing standard in place for nursing home facilities and does not track actual staff hours at those facilities. We noted that of the eight states contiguous to Missouri, five of those states (Arkansas, Illinois, Kansas, Oklahoma, and Tennessee) have some sort of minimum nursing care staffing requirements in place. Because Missouri has no minimum staffing standards, the SLCR cannot compare actual direct care staffing information to the level of staffing needed to prevent understaffing and negative resident outcomes. This condition was also noted in the two previous audit reports.

As of October 2005, 224 of the state's licensed nursing facilities had an Alzheimer special care unit or program. State law requires that any such facility disclose to the DHSS the form of care or treatment provided that distinguishes that unit or program as being especially applicable, or suitable, for persons with Alzheimer's disease or dementia. This law also states that as part of the long-term care facility's regular license renewal procedure, the DHSS shall examine the disclosure form and verify the accuracy of the information disclosed. It is not apparent that adequate actions are taken by the department, either during the licensing process or the inspection process, to verify the information on the disclosure form is accurate or that the nursing facility has followed the practices outlined in the form.

The SLCR's Quality Assurance Unit (QAU) was established in 2001 to review a sample of completed inspections and complaint investigations to ensure those inspections/investigations were conducted efficiently, consistently, and in accordance with applicable standards and regulations. As noted in the 2003 audit report, the QAU has not spent a significant amount of time performing this quality control function because QAU staff have been assigned other duties within the SLCR. Since the last audit, the QAU has not performed any quality control reviews of any completed inspections and only a few reviews of complaint investigations.

(Report No. 2006-54)

DEPARTMENT OF HEALTH AND SENIOR SERVICES, HOME AND COMMUNITY BASED SERVICES

The state spent approximately $233 million during fiscal year 2005 for home and community-based personal care services provided to Medicaid eligible elderly and disabled individuals. Our audit focused on the status of recommendations addressed in our 2004 report titled "Medicaid Personal Care Services Program" (Report No. 2004-02) and determining whether improvements are needed in the Department of Heath and Senior Services' (DHSS) ability to detect and recoup improper program payments to providers.

During fiscal year 2005, Department of Social Services, Division of Medical Services (DMS) personnel initiated recoupment of approximately $503,000 in program funds, primarily as the result of quality assurance (QA) provider reviews. However, recoupment of

Medicaid funds amounted to only .2 percent of $233 million in program expenditures for fiscal year 2005. An assumed error rate of 1 percent would equal $2.3 million in improper program payments.

DHSS has relied on its QA process and hotline complaints to detect provider overbilling. However, QA's review process provided less assurance overbilling would be detected because QA's responsibilities to detect overbilling had not been clearly defined, and reviews of provider client files and aides had been limited. In addition, QA's goal of reviewing each of the 380 providers every 2 years had not been met.

Residential care facilities (RCFs) also provided personal care services to approximately 8,700 home and community-based services clients during fiscal year 2005. However, until December 2005, QA personnel had not reviewed RCFs to ensure billed personal care services had been provided. QA's review of 6 RCFs revealed $241,000 in overbilling at those facilities.

Review of DHSS' efforts to detect disqualified provider employees disclosed 16 disqualified individuals on the Department of Mental Health's employee disqualification registry that may have worked with clients from July 2000 through May 2006. Additionally, DHSS personnel did not review RCFs to determine whether those providers had been included on the U.S. Department of Health and Human Services' Office of the Inspector General exclusion listing. According to state law, the department is required to investigate whether or not principals in the operation are excluded from Medicaid, because it cannot issue a license to an RCF if any principals involved in the operation are excluded from participation in Medicaid.

DHSS lacked oversight of provider billings and other deficiencies because it did not establish an adequate management reporting system capable of providing useful information on providers. QA is transitioning to an automated reporting system, but it will be approximately a year before it is fully implemented.

DMS initiated recoupment of approximately $503,000 in program funds during fiscal year 2005. However, potential recoupments have been minimal because DMS audits of home and community-based providers have been limited. DMS did not dedicate adequate staff resources to review program providers for possible overbilling and/or fraud.

In 2004, we reported DHSS had not established criteria to determine and control the number of personal care service hours Medicaid clients could be authorized on a statewide basis. DHSS implemented one of two recommendations related to that situation. Follow-up efforts disclosed DHSS has made some progress in achieving more uniform allocation of personal care services.

(Report No. 2006-69)

TRANSPORTATION DEVELOPMENT DISTRICTS

Transportation development districts (TDDs) are separate political subdivisions established and organized for the construction of roads, bridges, interchanges, or other transportation-related projects, financed through the issuance of notes, bonds, or other debt securities and governed by a board of directors. These boards have the authority to impose sales taxes or tolls, or levy property taxes or special assessments within the boundaries of the respective TDDs to pay those transportation-related project expenditures.

TDDs are initiated by the filing of a petition in the circuit court of the county where the proposed district is located. For TDDs established as of December 31, 2004, 96 percent of the petitions initiating their establishment were filed by the owners of the

property located within the proposed district. In many instances, it appears only a single property owner/developer petitioned for the creation of a district.

Although the Transportation Development District Act was enacted in 1990, the first TDD was not established until 1997, apparently as a result of statutory changes the General Assembly made that year. These changes have resulted in a dramatic increase in the number of TDDs established. As of December 31, 2004, 69 TDDs had been established in the state. This significant growth has continued in 2005, with 18 additional TDDs being established as of October 2005.

In a survey of the 69 districts, officials of 68 of the TDDs reported total estimated transportation project costs of over $578 million. In addition, 62 of the 69 TDDs reported total estimated revenues of over $787 million would be collected during the lives of the respective TDDs. All of the districts established as of December 31, 2004, have imposed a sales tax, with rates ranging from one-eighth of one percent to one percent on retail items sold within the districts' boundaries. As a result, all retail establishments located within a TDD charge a higher total sales tax than the retail establishments that lie outside the district's boundaries.

Our audit disclosed various issues regarding the TDDs in the areas of public awareness/involvement, and accountability and compliance, including:

- There is no requirement for the public to be notified when a property owner(s)/developer files a petition with the circuit court to form a TDD. In addition, public hearings regarding the establishment of TDDs are not required to be held.

- Neither registered voters nor their elected representatives are involved in the decision to levy taxes for most TDDs.

- There is no requirement that the petitions filed with the circuit court include any information regarding estimated transportation project costs or the anticipated revenues that will be collected over the life of the TDD.

- There is no requirement for an independent review or oversight of TDD transportation project costs or other expenditures.

- There is disagreement over whether the construction of a TDD-funded transportation project(s) can be started prior to the legal establishment of the applicable TDD.

- Most TDD sales taxes are not collected by the Missouri Department of Revenue, creating less assurance over the controls and monitoring of such revenue.

- Many TDDs had not filed annual financial reports with the State Auditor's Office (SAO), as required, and the current audit requirements related to TDDs need to be reconsidered.

- In many cases, significant project costs were initially paid by the private developer(s), who were then subsequently reimbursed by the TDD after bonds or other debt had been issued. Such reimbursement process weakens the accountability over project-related costs.

- The revenues of TDDs located in TIF areas are being handled in different manners, and in some instances there is not adequate assurance TDD sales tax revenues are only used to pay the TDD's share of bond financing costs.

(Report No. 2006-12)

MENTAL HEALTH

Our office audited several mental health facilities throughout the state in 2006. We identified issues with Hawthorn Children's Psychiatric Hospital's receivable system, bid documentation and incident reports. We also found concerns at both the Springfield Regional Center and the Joplin Regional Center with regard to bidding, contracts, and patient care.

HAWTHORN CHILDREN'S PSYCHIATRIC HOSPITAL

Hawthorn Children's Psychiatric Hospital (HCPH) personnel have not identified the reasons for the differences between the facility's internal receivable system and the Department of Mental Health's (DMH) receivable system. The July 31, 2005 reconciliation had an unreconciled difference between the two systems of approximately $193,600.

The HCPH did not solicit bids or retain bid documentation for some expenditures, including: furniture, $24,223; sprinkler and fire inspections, $3,820; and locksmith tools and supplies, $8,762, as required by state law. Also, HCPH management has not established a formal written policy for conducting annual physical inventories of capital assets, and current physical inventory procedures are not adequate. The physical inventories in fiscal year 2005 indicated 188 items, costing approximately $132,200, were not found.

In three of the ten incident reports reviewed, the decision of whether or not to substantiate a charge of abuse or neglect was not always made within 10 working days after receiving the final investigative report, as required. Additionally, HCPH personnel were unable to locate an incident report or final investigative report for an incident recorded in the Incident and Investigation Tracking System (IITS). Facility personnel indicated this incident report was incorrectly entered into the IITS; however, there was

no documentation to support this statement. Our office released a department-wide audit regarding abuse and neglect in September 2005 (Report no. 2005-62).

The DMH established a revolving fund to be used for facility supplies and patient outings. HCPH management has not established a formal written policy for revolving fund expenditures for meals and patient activities. As a result, HCPH management has no documented basis to determine that meal and patient activity expenditures are appropriate. Also, individuals who actually receive patient monies are not required to sign, documenting receipt of the monies, nor is the purpose of the expenditures noted on the request form. In addition, documentation of patient expenditures is not filed with HCPH to support purchases by social workers.

(Report No. 2006-13)

DEPARTMENT OF MENTAL HEALTH, SPRINGFIELD REGIONAL CENTER

The Springfield Regional Center (SRC) has not taken adequate steps to ensure clients receive the best care possible. Unsatisfactory living conditions were observed during a November 30, 2005, visit to one group home. We found it quite disturbing that service coordinators' case notes from visits to the home on November 10 and 16, 2005, contained very little mention of any concerns. The Auditor's Office notified the SRC of some of our concerns in a letter dated December 6, 2005. The SRC subsequently met with the provider to address these unsatisfactory conditions. We visited a second group home owned by this same provider and found steps had been taken the morning of our visit to ensure the appearance of the home was tidy and well maintained.

Our visits to various placement facilities also noted problems related to the facilities' management of client funds including: balances exceeding maximum limits, inadequate documentation, inaccurate reporting of fund balances, untimely deposits, commingling of clients' funds with facility operating funds, and accounts with negative balances.

Our review found that the regional center did not obtain the proper background checks for 50 percent of personal assistants reviewed that had worked for regional center clients at some point between January 2003 and June 2005. Further, of the 10 files reviewed where background checks had been performed, we found that 4 were not performed on a timely basis.

The SRC spent over $20 million in fiscal year 2005 to care for its clients. The SRC could better manage costs by monitoring service providers' actual and past costs of operation and by reviewing rates for consistency. Regional center personnel do not periodically review documentation to support the amounts billed by approximately 70 service providers or vendors for client services, and contracts with various day habilitation service providers were unclear.

The SRC provided funding in excess of the maximum allowed by the community support waiver and did not obtain approval from the Division of Mental Retardation and Developmental Disabilities (MRDD) Director for the additional funding. Additionally, the SRC has not taken adequate steps to ensure Medicaid reimbursements from TCM services are maximized. The DMH has established a standard that provides that service coordinators are to log 106 direct service hours to the TCM system monthly, or 1,272 hours each year. Auditors found 12 service coordinators did not meet the 106 direct hour standard when we compared the total direct hours logged by service coordinators in fiscal year 2005, and this resulted in the SRC losing an estimated $83,000 in potential reimbursements. Additionally, TCM billings are not adequately reviewed to ensure

Medicaid billings include the correct number of units and are supported by adequate documentation in the case notes.

The SRC does not adequately monitor the Disabilities Advocacy and Support Network's (the Network) performance or contract compliance. The Network's performance is not evaluated or monitored annually as required by the contract, and documentation to support the specific clients served or the service provided is not maintained. Also, while contract terms indicated the SRC would pay the Network to provide a maximum of 1,300 hours at a cost of $14,989 for development of natural supports during the year ended June 20, 2005, we found the Network billed the regional center for 1,880 hours for development of natural supports totaling $21,676. Furthermore, the SRC subsidized some of the operating expenses of the Network, including utilities, trash service, office space, and phone service. This subsidizing practice does not appear to be appropriate and may violate provisions of the Missouri Constitution.

(Report No. 2006-21)

DEPARTMENT OF MENTAL HEALTH, JOPLIN REGIONAL CENTER

The Joplin Regional Center (JRC) has not taken adequate steps to ensure clients receive the best care possible. Unsatisfactory living conditions were observed during a April 4, 2006, visit to two individualized support living (ISL) homes. We found it quite disturbing that service coordinators' case notes from visits to the homes on March 16, 2006, contained no mention of these concerns. The Auditor's Office notified the JRC of our concerns in a letter dated April 7, 2006. The JRC subsequently took steps to move the three clients from the homes. We also noted that in February 2004, a service coordinator identified poor living conditions in a client's natural home and requested

immediate funding for home repairs. The JRC received funding to repair the home in April 2004; however, the work was not completed until October 2004.

Our visits to three placement facilities noted numerous problems related to the facilities' management of client funds including: balances exceeding maximum limits, inadequate documentation to support some disbursements, client ledgers not reconciled to checking account balances, untimely deposits, inadequate tracking of client activity, and accounts with negative balances.

The JRC spent over $19 million in fiscal year 2005 to care for its clients. Regional center personnel do not periodically review documentation to support the amounts billed by approximately 72 service providers or vendors for client services, and contracts with various day habilitation service providers were unclear. Additionally, the JRC has not established adequate procedures to ensure client budgets prepared by service coordinators are accurate.

The JRC provided funding in excess of the maximum allowed by the community support waiver and did not obtain approval from the Division of Mental Retardation and Developmental Disabilities (MRDD) Director for the additional funding.

The regional center does not adequately control, review, monitor, and procure day habilitation services provided exclusively by one provider to regional center clients with autism. This provider was paid over $1 million during the two years ended June 30, 2005, for services provided to the Southwest Project, which includes the Joplin and Springfield regional centers. On a statewide basis, the DMH paid this vendor over $4.3 million during the two years ended June 30, 2005. This provider is given complete autonomy to determine which regional center clients receive services and the type and amount of services provided. The quality management team does not perform any type

of quality assurance review of this provider, and the regional center does not review services provided. An annual services report prepared by the provider indicated 45 percent of services were provided to clients over the telephone. When questioned by our office, the provider lowered this to 23 percent. The JRC has had a contract with this same provider since 1994.

The JRC has not taken adequate steps to ensure Medicaid reimbursements from Targeted Case Management (TCM) services are maximized. The DMH has established a standard that provides that service coordinators are to log 106 direct service hours to the TCM system monthly, or 1,272 hours each year. However, we found 14 service coordinators in 2005 and 19 service coordinators in 2004 did not meet the 106 direct hour standard when we compared the total direct hours logged by service coordinators, and this resulted in the JRC losing an estimated $200,000 in potential reimbursements.

The JRC expended more than $107,600 from its specific appropriations for operating costs of the Bellefontaine Habilitation Center in St. Louis County. In addition, the regional center purchased postage and requested Choices for Families funding in advance of the need to use state appropriations that would have otherwise lapsed at year-end. Further, the JRC contracted with two former DMH employees to provide services without any consideration of other individuals or firms, and payments made to these individuals were not supported by adequate documentation.

(Report No. 2006-62)

HOMELAND SECURITY

Missouri has lagged behind several neighboring states in establishing an intelligence fusion center and may have increased the state's vulnerability to acts of terrorism. An intelligence fusion center is needed to provide resources, expertise, and information to help detect, prevent, and monitor terrorism within the state. This center should be threat-driven, operational 24 hours a day, 7 days a week. Future federal funding may be contingent on the establishment of such a center. In December 2005, staffing began on a Missouri fusion center and it was officially named the Missouri Information Analysis Center (MIAC). Department personnel indicated that it may take another two years to fully staff the MIAC.

The state distributed almost 19,000 individual personal protective equipment (PPE) complements including breathing masks, chemical suits, gloves, boots, and related accessories, to emergency medical services (EMS) and law enforcement agencies (LEA) statewide. PPE was distributed to some local agencies that did not need or want the equipment. We visited 43 EMS, fire, and LEA agencies and noted several different levels of effective use of the PPE. Some agencies claimed they were waiting to obtain training. One agency supervisor indicated he and his staff did not even know how to assemble the PPE components. At the police departments for the cities of Kansas City and St. Louis, as well as other locations, PPE remained unopened and stored in its original boxes. Furthermore, the State Emergency Management Agency (SEMA) did not adequately monitor the distribution of the PPE and does not have accurate records of the various agencies that received equipment.

Also, a lack of information exists regarding the proper storage and/or issuance of the PPE. We noted that some local agencies required that PPE be stored, ready for use, in official vehicles, while other local agencies stored the PPE at their headquarters to be issued in the event of an emergency. In addition, there are no statewide use restrictions to guide local agencies. The lack of such restrictions may result in improper usage.

Missouri's progress has been slow towards achieving the state's goal of communications interoperability. Communications interoperability enables responders to effectively communicate with one another through a common language and a common system during an emergency. In 2004, a contractor hired to review the state's interoperability reported that Missouri had not achieved interoperability across many areas of the state, emergency responders were not properly trained or equipped to communicate in a unified environment, and that communications equipment was old and costly to maintain. The same contractor was again hired the next year to assess and monitor Missouri's 28 Homeland Security Response Teams (HSRT's). The contractor found that communications interoperability problems, along with several other response weaknesses, existed with 46 percent of teams, including the HSRT's in the high risk areas of the cities of St. Louis and Kansas City. Common issues reported by the contractor included a lack of radios and cellular telephones, age of the equipment, and a lack of towers and repeaters.

As of July 2005, statewide expenditures for communications interoperability had accumulated to $2.05 million, or approximately 26 percent of the amount budgeted to accomplish this goal. The contractor's initial communications interoperability study found no formal leadership authority for communication issues in Missouri and that the state needed coordinated and integrated planning to shape its communications future. It appears state officials were already aware of the statewide interoperability problems. As a result, the state may have unnecessarily paid approximately $247,000 for the 2004 study.

(Report No. 2006-29)

MISAPPROPRIATIONS

The Missouri State Auditor's Office conducted a petition audit of the Ozark Fire Protection District and the Johnson County Recorder's Office and found cases of misappropriation of taxpayer money.

OZARK FIRE PROTECTION DISTRICT

Board Members of the Ozark Fire Protection District have failed to provide the oversight necessary to ensure district funds are accounted for properly. The lack of internal control and little or no independent review have resulted in the following:

- Improper and questionable charges to district credit cards totaled over $28,000, and approximately $24,000 was electronically disbursed from the district's bank account without authorization to pay for these charges. The district's former Administrative Assistant pleaded guilty to felony stealing charges, received 5 years probation and is paying restitution.

- An additional $1,630 was electronically disbursed from the district's bank account and appears to have been used to cover personal debt.

- Several questionable payroll transactions involving the former Administrative Assistant were identified. Examples include the number of hours reported on time sheets did not always agree with the numbers of hours paid, the hourly rate paid did not always agree with the rate approved by the Board, and compensatory and vacation time used is questionable.

- Checks totaling at least $2,200 were written to cash and endorsed by the former Administrative Assistant without adequate documentation to support the use of these funds.

On two occasions the Board approved wage increases for the former Administrative Assistant without any documented review of her work, and beginning in 2001 district by-laws required a biennial audit for the two previous fiscal years, Board Members failed to obtain an audit of district funds until 2006.

Documentation used to support fire district expenses relating to grant funds received through the City of Ozark is questionable. Invoices used as documentation appear to be duplicates of other invoices on file at the district.

The district paid a company owned by a board member $25,254 for labor and materials relating to construction work. The district did not solicit bids as required by state law, or obtain a written agreement for these services. Additionally, the board meeting minutes did not specify the work to be performed or indicate an estimate of the total cost of the project.

Monthly financial reports reviewed by the Board were incomplete, and the district's accounting records contained several questionable entries. Additionally, reconciliations between the accounting records and the bank statements were not performed monthly; as a result, errors and unrecorded transactions were not detected timely. In addition, significant weaknesses were identified in the accounting controls over district receipts, and as a result, there is no assurance that all cash received by the district was accounted for properly.

District funds were used for several disbursements that do not appear to be necessary. Examples include the annual awards banquet in 2005, 2004, and 2003 ($9,302), turkeys and hams purchased in 2005 and 2004 ($1,511), and other expenses

such as alcoholic beverages, late fees, and donations. Additionally, the district's bidding procedures could be made more effective by adopting a comprehensive bid policy, and controls are not in place to ensure all district expenses are reviewed and approved, and include adequate supporting documentation.

(Report No. 2006-73)

JOHNSON COUNTY RECORDER'S OFFICE

Weaknesses in the internal control and record keeping systems of the Johnson County Recorder's office allowed misappropriations of at least $23,187 to occur during the period January 1, 2003 through July 31, 2005. Receipts totaling at least $5,372 were collected during 2004 by the Recorder's office and were not recorded on a daily abstract or transmitted to the County Treasurer for deposit. Additionally, a State of Missouri check for $17,815 was erroneously received by the Recorder's office, and included in a 2005 transmittal apparently to conceal a shortage. Furthermore, during 2003 and 2004, numerous personal checks written by the former Recorder were included with deposits or transmittals and were returned for insufficient funds. Due to other missing records, additional monies may be missing but not identified.

The sale of copies of recorded documents to one company, as well as the purchase of computer software necessary to read the images, was not handled consistently with sales to other title companies. Similar to the system the county purchased in 2003, additional software and equipment was purchased in May 2005, at a cost of over $3,000 but was delivered to a local title company and apparently installed on their

computers. This title company reimbursed the county, but not until September 2005, almost four months later and no sales tax was paid. The former Recorder apparently authorized the transfer of recorded documents that were indexed by the county from 1991 to May 2005 onto the computer of this title company. The current Recorder determined this download consisted of approximately 503,000 pages. Based on charges for copies to other companies, this represented approximately $75,000 in potential revenue, but there was no evidence that any payment was made to the county for these downloaded documents.

Numerous personal checks and loan checks of the former Recorder were included with deposits/transmittals. Accounts receivable records were not adequate, and numerous daily abstracts and receipt slips were not available from 2005 and 2004. Recommendations related to controls over cash in the Recorder's office have been made by the county's independent auditor the past several years, but most of these recommendations were not implemented, allowing missing money to go undetected.

Questionable expenditures have been made from the Recorder User Fee Fund. During 2005 and 2004, the former Recorder authorized payments for attorney fees totaling $18,236 and $4,088, respectively, related to a lawsuit filed by the former Recorder and County Auditor against the county related to employees salaries. In addition, supporting documentation was not available for some purchases made from the Recorder User Fee Fund.

(Report No. 2006-15)

DEPARTMENT OF REVENUE BRANCH OFFICE CONVERSION

The Department of Revenue (DOR) incurred unnecessary closing costs that could have been avoided. In April 2002, DOR officials signed a 15 year lease agreement with the Office of Administration (OA) for office space in the Deer Creek Office Building, a privately owned building in the St. Louis area. Since the DOR was closing the office in 2005, it was liable for the lease expenditures until the office was subleased. According to accounting records, the state's General Revenue Fund paid approximately $39,000 in lease expenditures for vacant office space during the period of May 15, 2005 through October 31, 2005.

The Kansas City branch office closed on June 30, 2005, and was reopened by the contract agent on August 29, 2005, although the contract agent did not sign the OA lease agreement until September 6, 2005. The lease agreement prepared by the OA allowed the Kansas City contract agent to make staggered lease payments during the first 12 months of the lease. By allowing the contract agent to stagger lease payments and giving the contract agent a 30-day termination clause, the contract agent could potentially vacate the premises prior to the end of the first year of the lease leaving the state to pursue recovery of lease amounts due.

Four contract agents were allowed to operate without a fully executed contract. Had these agents failed to perform the necessary duties during this time period, the DOR may not have been able to enforce the requirements of the contract agents' agreement. One contract agent did not comply with the contract agreement requirements to register and remain in good standing with the Secretary of State, a

misdemeanor. Additionally, the Kansas City office's contract agent did not submit a business plan until 51 days after the office opened.

The DOR was granted local disposal authority by the Missouri State Agency for Surplus Property (MOSASP) to auction the equipment at the 11 former branch offices. Bids accepted for the equipment ranged from $151 to $3,100 for a total of $16,477 for all 11 offices. Notification of the sealed bid auction was sent to all 182 contract agents operating at that time, as DOR officials determined that other individuals would not be interested in this "worthless equipment." The DOR did not allow an equal opportunity for everyone to inspect the equipment prior to making a bid; however, the 11 contract agents were allowed to inspect the equipment and, in most cases, use the equipment for several months. This does not appear to provide a fair, open, and competitive environment for all potential bidders. Furthermore, the auction of state-owned branch office assets included computer equipment and software, printers, televisions, and fax machines that did not appear to meet the MOSASP criteria for condemned property. Based on our review, it appears that the items sold through local disposal should have been transferred to the MOSASP for auction.

The DOR could not account for the disposition of approximately 250 state-owned assets, including a laser printer, a fax machine, computers, software, and other miscellaneous items.

The department's goal is to visit each contract agent's office once each month; however, without additional staff, the DOR may not be able to reach this goal. The DOR has only approximately 10 staff positions allocated to monitor the state's 183 contract offices. As of October 25, 2005, the DOR had only performed two monitoring visits of the 11 converted offices.

(Report No. 2006-37)

SOLID WASTE MANAGEMENT

The Solid Waste Management Program (SWMP) is under the supervision of the Division of Environmental Quality within the Department of Natural Resources (DNR). The main goal of the program is to reduce the amount of solid waste generated in the state of Missouri. There are 20 Solid Waste Management Districts (districts) statewide. Our audit included onsite reviews of four of the 20 districts.

During the year ended June 30, 2005, nearly $11 million in tonnage fees paid by solid waste haulers was transmitted to the DNR, which represented 99 percent of the revenues of the DNR's Solid Waste Management Fund. The SWMP should review its procedures to monitor the tonnage fees received from each landfill and transfer station to better ensure that the proper fee amounts are remitted to the DNR. The SWMP does not track the total costs incurred to issue landfill and transfer station permits, and the amount of permit fees does not appear to cover the costs of issuing the permits. The maximum fees of $8,000 for landfills and $4,000 for transfer stations are usually charged. These amounts were set approximately ten years ago and may not be an accurate reflection of the current costs incurred by the program.

The DNR provides funding through the Solid Waste Management Fund to assist districts in the development of an adequate infrastructure for solid waste reduction, recycling, and resource recovery. The districts administer grant funds provided to subgrantees for projects within the districts' boundaries. During the year ended June

30, 2005, over 50 percent of the tonnage fees collected, or approximately $5.9 million, was allocated for district grant funding.

Quarterly reports for the districts were not submitted to the DNR within the required timeframe, with seven of the 20 districts submitting reports after the required 30 day period and three districts not submitting a quarterly report for at least one of the quarters reviewed. Also, districts receiving $200,000 or more of financial assistance in any fiscal year are required to provide a copy of an independent auditor's report. Only three district audit reports had been submitted to the SWMP since fiscal year 2002. In fiscal year 2005 alone, there were at least eight districts that received over $200,000 from the Solid Waste Management Fund.

District L incurred some administrative expenditures which appear to be unnecessary and inappropriate uses of public funds, including:

- The district spent $41,523 for the services of a lobbyist during the three years ended June 30, 2005. District records indicate cities and counties contributed approximately $20,001 during this time period, so it appears approximately $21,522 in state funds (which includes interest earned on state funds) were used for the lobbyist expenses, contrary to program regulations.

- The district received approval from its board to spend up to $6,000 for a mural and made purchases totaling $4,125 during 2003 through 2005 for other art work, both of which appear to be unnecessary expenditures of public funds.

Some districts are accumulating large fund balances and are not spending grant funds on a timely basis. District L had a fund balance of $4.5 million as of April 30, 2005. Of this amount, approximately $2 million was encumbered for grants that had not yet been spent by the subgrantees with some of the grants awarded as far back as 1999. The remaining $2.5 million is comprised of unspent administrative funds and

interest earned on both grant and administrative funds. Additionally, District T has funds encumbered for grants awarded as far back as 1996.

A standard Financial Assistance Agreement (FAA) is required for all grant agreements and is applicable for 12 months after its execution. A new FAA can be prepared to extend the initial grant period. Districts L and M did not have a current FAA for some subgrantees with open grant awards and District L made payments to subgrantees after the expiration of the period identified in the FAA. Also, state regulations require districts to retain fifteen percent of financial assistance until fund approval is given for a project. Three of the four districts reviewed did not always comply with this regulation.

Two of the four districts paid vendors directly for items purchased by subgrantees rather than reimbursing the subgrantees. Three of the four districts reimbursed subgrantees for grant expenses even though quarterly reports were not submitted on a timely basis. Of grants reviewed, 80 percent for District L, 80 percent for District T, and 33 percent for District M included reimbursements to sub-grantees prior to or without receiving quarterly reports.

In 2005, District M's board awarded $15,000 in grants to each of the four counties within the district prior to reviewing and evaluating the grant applications received from private individuals and businesses. Some grant applications received from other individuals and businesses were turned down due to lack of available grant funds.

(Report No. 2006-10)

PROBATION AND PAROLE

The Board of Probation and Parole's management system fails to adequately monitor offenders and the performance of field officers. Our tests showed significant deficiencies in compliance with division standards. We found field officers did not contact offenders as required for each type of contact. We also found as the level of supervision and required number of contacts increased, compliance percentage generally decreased.

The Board of Probation and Parole policies and procedures manual requires initial case summary reports to be completed within the first 60 days of supervision. However, of 27 applicable cases, there were 15 initial case summary reports, or 56 percent, submitted 10 or more days late, with an average of 69 days late. In addition, one initial case summary report was never completed. In 35 of the 55 applicable cases reviewed, field officers submitted routine case summary reports that were 10 or more days late. In addition, field officers failed to complete 16 routine case summary reports.

According to division personnel, supervisory reviews are not always performed and are not documented and maintained. In addition, when supervisory reviews are performed they do not adequately monitor field officer compliance with division policies. In March 2005, the division began testing a new quality assurance audit program that audits 10 percent of each field officer's caseload for compliance with various division policies. However, division officials do not believe it is feasible to utilize the program to monitor the performance of individual field officers due to system limitations.

(Report No. 2006-26)

TOBACCO SETTLEMENT FUNDS

The state has not adequately accounted for the use of tobacco settlement funds. Through June 30, 2005, the state received tobacco settlement payments totaling over $965 million. For the first 25 years, Missouri's share of base payments (prior to adjustments, most reductions, or offsets) is almost $4.6 billion.

Instead of funding a comprehensive tobacco prevention program, approximately 69 percent of Missouri's tobacco payments received were transferred to the state's General Fund and used to cover state budget shortfalls. The remaining funds were spent on various state programs, with a majority of these monies used to replace funds cut from the state's Medicaid Program. During the five years ended June 30, 2005, only about $1.8 million of the tobacco payments were spent on tobacco-related programs.

All tobacco funds transferred to the state's General Fund were ultimately spent without being designated for a specific purpose or without any other method of tracking how the funds were spent.

During the five years ended June 30, 2005, tobacco payments were distributed to nine different funds and often redistributed again, with some monies held in three different funds before ultimately being spent. This practice of making numerous transfers of the tobacco monies to various funds has made it difficult to determine the ultimate disposition of the funds and has resulted in multiple, and some excessive, cost allocation charges totaling over $13 million.

(Report No. 2006-16)

PETITION AUDITS

The Missouri State Auditor's Office audits political subdivisions, such as cities and villages, drainage, water and sewer districts, and school districts, if requested through a petition process, by a percentage of the resident, registered voters of the political subdivision. Our office audited several cities in 2006, including: Pine Lawn, Moscow Mills, Battlefield, and the Village of Butterfield.

CITY OF PINE LAWN

The Missouri State Auditor's Office has been petitioned by the citizens of Pine Lawn to audit the city three times in the last eleven years. Of the 37 recommendations reported in 2000 (Report no. 2000-108), only 6 were implemented and another 6 were partially implemented. Twenty-one findings were not implemented and the remaining 4 no longer applied. Multiple recommendations in this report are repeated from previous audit reports issued by our office.

The city of Pine Lawn is in poor financial condition and there was no evidence that the elected officials are providing the guidance and controls necessary to ensure the continuing operations of the city. Accounting records and financial reporting do not exist and, therefore, the Board and Mayor are unable to monitor and control the city's finances. In addition, controls over receipts and disbursements are poor, increasing the risk that monies could be misappropriated or misspent without the Board and Mayor's knowledge.

The city's General Revenue Fund balance has decreased from over $208,000 at December 31, 2002, to just under $50,000 at December 31, 2005. In addition, the city has transferred over $239,000 from other accounts to cover General Revenue

disbursements and payroll. As of March 2006, the city is in arrears on payments totaling over $218,000.

Court receipts to the city do not agree between court and city receipt records and deposits and there are no reconciliations performed between the two receipt ledgers. Receipts totaling $4,355 collected by the city through the municipal court and police department in May 2005 could not be traced to deposits.

No record of receipts is maintained in the city's general ledger computer system; however, General Revenue bank deposits totaled almost $2,000,000 in 2005. No check ledger was maintained and disbursements totaling $850,750 had no detail such as vendor name, check number, date, amount, and purpose recorded in the city's accounting system for the period of February 2005 through August 2005. General Fund disbursements per the bank for 2005 totaled approximately $2,300,0000. As a result of this lack of records, the city has no accounting record indicating the amount of cash available at any time. No bank reconciliations have been performed for several months and those supposedly performed prior to April 2005 could not be located.

During 2005 and 2006, the city did not enter into written contracts for various services and the mayor entered into contracts for insurance and trash services totaling over $430,000 without obtaining Board approval. In addition, the city does not have a formal written bid/request for proposal policy. During 2005 and 2006 bid proposals were not solicited for several different services. Additionally, several invoices were not submitted to the board for approval, invoices were not always paid timely, and some disbursements were not supported by invoices.

The city does not have a formal policy regarding cellular phone usage. From January 2005 through April 2006, more than $12,900 was paid as usage for 12 cellular phones, with $7,160 of this being fees for exceeding plan minutes.

The city does not have adequate procedures to pursue collection of delinquent trash fees. As of June 30, 2006, the city had approximately $507,350 in delinquent trash fees. According to city records, over 70 customers owe more than $1,000 in trash fees.

The Municipal Court receipts average over $200,000 per year. A monthly listing of bond open items was not prepared and reconciled with the bond account cash balance. Bonds collected by the police department are not transmitted to the Court Clerk on a timely basis, and deposits are not made timely. The Crime Victim's Compensation and Peace Officer Standards and Training fees collected by the municipal court have not been disbursed to the state since September 2004. Finally, the court has not established procedures to pursue the collection of delinquent accounts and failure to appear cases. As of June 30, 2006, court records indicate that delinquent accounts total approximately $378,000.

(Report No. 2006-82)

CITY OF MOSCOW MILLS

The city of Moscow Mills is in poor financial condition as a result of overspending, inadequate oversight and improper budgetary practices. The budgeted disbursements for the General Fund for the year ended December 31 2006 exceed budgeted receipts by approximately $117,796, resulting in an estimated balance of only $10,000.

Moscow Mill's financial obligations have risen significantly over the last several years. From 2004 to 2005 the overall financial liability of the city has increased approximately 222 percent from $2.3 million to $7.5 million. Most of this debt was used

to finance expansion of the city's water and sewer system.

During the year ended December 31, 2005, actual disbursements exceeded budgeted amounts in the Waterworks Fund by $31,248, and the Debt Service Fund by $240,298. In addition, a budget was not prepared for the Project Fund, which was established in December 2005. Approximately $1,737,980 was disbursed from this fund in 2005.

The Street Fund balance at December 31, 2005, was approximately $369,690, while disbursements for the fiscal year totaled only approximately $107,500. The majority of these disbursements were for street lights and administrative expenses.

In 2005, the City received approximately $917,600 in water, sewer and trash fees. The gallons of water billed in December 2005 were 28 percent or 1,343,192 gallons less than the gallons of water pumped. In addition, the City has not formally identified and documented any other costs, such as administrative costs, related to trash service. Trash service receipts are deposited into the Waterworks Fund and disbursements are made monthly from the fund for trash services. The city retains a percentage of the trash fees collected.

The Board of Aldermen does not review and approve the payment of city expenditures prior to the checks being issued. Furthermore, some disbursements do not appear to be a prudent use of public funds including purchasing flowers and plants for funerals and an annual Christmas party. In addition, the Board of Aldermen approved bonus payments to the full time city employees. The minutes indicate this was a "one time pay increase"; however, the employees monthly salaries did not increase. These bonuses appear to represent additional compensation for services previously rendered and, as such may be in violation of the Missouri Constitution and an Attorney General's Opinion.

The city has a credit card used to make miscellaneous purchases. Adequate supporting documentation was not submitted or retained for some charges, including hub caps and software updates.

(Report No. 2006-78)

CITY OF BATTLEFIELD

Payments totaling $4,429 were paid to former Mayor Heslep for administrative fees related to the Federal Emergency Management Agency (FEMA) grant received by the city after the May 2003 tornado. The Board of Alderman approved paying the administrative allowance to the Mayor in a June 2003 meeting. While the former mayor signed a certification indicating that documentation of the administrative expenditures was maintained, neither the former mayor nor the city maintained documentation required to show how the administrative allowance was expended for eligible purposes.

No documentation was available to indicate that the city solicited proposals for engineering ($68,700), legal ($25,000), and auditing ($3,500) services for the year ended June 30, 2005. Invoices submitted by their city attorney reflected an hourly billing rate increase from $100 to $120 in August 2004; however, the ordinance establishing this increase was not approved by the Board until September 2005.

The city needs to improve the controls and procedures used to approve invoices for payment. Credit card receipts or other documentation of fuel purchased by each city employee are not always retained, and some monies were spent for items that do not appear to be a prudent use of public funds.

Serious weaknesses were identified in the city's accounting of sewer billings and receipts. The city implemented a new sewer software accounting program in November 2005 and has not obtained the proper training and expertise to adequately track and reconcile sewer accounts receivable activity. Reports generated from the program that were reviewed and approved by the Board of Alderman did not contain sufficient detail, and did not appear accurate. Additionally, reports of sewer account collections and delinquent sewer accounts did not agree with other reports generated for the same time period.

The June 30, 2005 ending balance reported in the published financial statement did not agree with the city's audited financial statements and the city's accounting records. The balance reported in the city's published financial statement was understated by approximately $250,000. Also, the city does not effectively monitor the annual budget, and budget amendments are not prepared and approved timely.

The Municipal Division collected approximately $50,000 during the year ended June 30, 2005. Monies collected by the municipal division are not deposited on a timely basis and deposit slips are not always properly itemized to indicate the amount of cash and checks being deposited.

(Report No. 2006-40)

VILLAGE OF BUTTERFIELD

The Village of Butterfield is in a declining financial condition as a result of overspending, inadequate oversight and monitoring by the Board of Trustees, numerous internal control weaknesses, and lax controls over expenditures. The village prepares annual budgets; however, they are not complete and are not used to monitor

the village's financial position.

Procedures have not been established to ensure expenditures are properly allocated among the various funds benefiting from the expenditures and to ensure restricted revenues are expended only for their intended purpose. The Village Clerk transferred $12,000 during 2005, from the Water and Sewer Funds to the General Fund without the board's approval. The transfers were made to pay back a portion of the $15,000 originally transferred to the Water and Sewer Funds to cover expenditures. There was no documentation indicating that the amounts from the General Fund were to be treated as loans and there is no documentation of the board's approval for these transfers.

There is no documentation that the Village Chairman or other members of the Board of Trustees provide independent reviews of the work performed by the Village Clerk. Additionally, village checking accounts require two signatures on checks; however, nine checks for transfers of funds between accounts totaling $17,207 were issued with only the Village Clerk's signature. Also, the village maintained 11 checking accounts as of December 31, 2005, and does not effectively monitor the bank account balances as there was $48,499 in eight non-interest bearing accounts.

The village did not have a formal bidding policy until December 27, 2005. During the year ended December 31, 2005, bids were either not solicited or bid documentation was not retained for some purchases and adequate supporting documentation was not available for 31 percent of expenditures reviewed. The Board of Trustees does not review and approve the payment of village expenditures prior to the disbursements being made, and complete mileage logs were not maintained for vehicles.

The village operates a water and sewer system that provides service to approximately 164 customers. The village's financial statements reported operating losses in 2004 through May 2005, then in June 2005 the Board of Trustees raised water and sewer rates by 114 percent. There was no documentation to support how the board calculated the significant rate increase. The rate increase generated operating gains between July and December 2005, at which time the board lowered sewer and water rates by 20 percent, again without documenting or performing a formal review.

(Report No. 2006-64)

BIRMINGHAM DRAINAGE DISTRICT

The Birmingham Drainage District's board needs to increase its oversight and management of district operations. It appears that many duties/functions performed by the district attorney are outside the scope of services as provided by state law. The board only holds two meetings a year, and relies upon the district attorney to perform most of the day-to-day responsibilities for the operation of the district. During 2005, the district paid the district attorney's firm over $45,000 for legal services.

The district did not report wages, withhold payroll taxes, or pay the employer's share of social security on compensation paid to these officials. Rather, it appears the district considers the officials independent contractors; however, they do not have written agreements with the officials regarding their duties, responsibilities, and compensation.

In March 2004, the district hired a former supervisor as its district engineer and paid $200 per month during the year ended December 31, 2005 for his services. The district engineer, who lives in Utah, has not attended a board meeting since July 2004, and did not attend the May 2006 U.S. Army Corps of Engineers inspection of district improvements. Also, he does not prepare annual reports required by state law.

For the year ended December 31, 2005, the district overseer was paid $650 per month for his duties as overseer. In addition, the district paid him almost $23,000 for various maintenance services, such as mowing, chemical application, tractor work, and other general labor. This situation may be a conflict of interest in violation of state law.

There was no documentation that the board approved all significant district business. In addition, the board does not report to the landowners at the annual landowner's meeting the work which was done within the district.

There is little independent oversight or adequate segregation of duties regarding the district's accounting functions. At December 31, 2005, the district had several accounts which totaled approximately $1.3 million. In addition, the district does not review or verify the accuracy of its maintenance tax book.

There were numerous weaknesses with the district's procedures for conducting and documenting board meetings and elections. The meetings were infrequent and were not always at a location and time that were conducive for the public to attend, the minutes did not always contain sufficient detail of business conducted and actions taken, and some meetings did not comply with the open meetings law.

The district does not have a formal bidding policy. During the year ended December 31, 2005, bids were either not solicited or bid documentation was not retained for certain goods and services totaling over $200,000.

In March 2004, the district completed a construction project to repair a section of the levee. The district did not document the basis or justification for awarding the bid to a contractor who was not the low bidder for the project. Board minutes did not

indicate that construction change orders totaling approximately $28,000 relating to the project were approved by the board, nor could the district provide copies of these change orders. In November 2003, the district requested the contractor to purchase extra steel, costing $209,170, for Phase II of the project; however, three years later, the steel has not been used. In addition, no documentation was available to support that the district procured the engineering services for the project, as provided by state law.

Actual expenditures exceeded budgeted amounts by over $69,000 for the year ended December 31, 2005. Additionally, the board as a whole does not approve expenditures or review invoices before payment of the district's expenses. There was no evidence that the board requested or reviewed invoices and/or other supporting documentation for expenditures.

The district's responses did not address many of our recommendations. The lack of board oversight and various weaknesses need to be addressed.

(Report No. 2006-87)

MISSOURI STATE AUDITOR'S OFFICE

WEBSITE
www.auditor.mo.gov

All audit reports issued from 1999 to present are listed on the site, and each audit report is categorized in order to locate it quickly and easily. Categories include a listing of audits by subject and there is also a regional map to locate audits by location. These reports are posted for individuals to view and print. There are also "Yellow Sheet" summaries available for each audit.

In addition, posted on the office's website are bonds registered with the office from 1999 to present. Fiscal notes prepared by the State Auditor's Office from 2003 to present are available on the website. The website has links to SAO media advisories, employment opportunities and petition audit process information. There is also a link to political subdivision financial reporting, County Collector Annual Settlement forms, and property tax forms.

Copies of audit report(s) can be obtained by contacting the State Auditor's Office via e-mail at moaudit@auditor.mo.gov or writing to the office under the "Your Input" section on our website. Individuals may also contact the office by mail or by telephone.

CONTACTING THE STATE AUDITOR'S OFFICE

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Truman State Office Building
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Springfield, Missouri 65806
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APPENDIX A

Office of the Missouri State Auditor
Audit Reports Delivered from
January 1, 2006 through December 31, 2006

AUDIT	DATE ISSUED	AUDIT NUMBER
Review of 2006 Property Tax Rates	12-2006	2006-88
Birmingham Drainage District / Year Ended December 31, 2005	12-2006	2006-87
City of Bates City, Missouri Year Ended December 31, 2005	12-2006	2006-86
Office of Attorney General / Three Years Ended June 30, 2006	12-2006	2006-85
Hyannis Port Road Transportation Development District	12-2006	2006-84
Atchison County, Missouri / Years Ended December 31, 2005 and 2004	12-2006	2006-83
City of Pine Lawn, Missouri / Year Ended June 30, 2005	12-2006	2006-82
Adair County, Missouri / Years Ended December 31, 2005 and 2004	12-2006	2006-81
Osage County, Missouri / Years Ended December 31, 2005 and 2004	12-2006	2006-80
Reynolds County, Missouri / Years Ended December 31, 2005 and 2004	12-2006	2006-79
City of Moscow Mills, Missouri / Year Ended December 31, 2005	12-2006	2006-78
Conservation / Information Technology Management	12-2006	2006-77
Twenty-First Judicial Circuit City of Bella Villa, Missouri / Municipal Division	12-2006	2006-76
Dent County, Missouri / Years Ended December 31, 2005 and 2004	12-2006	2006-75
Dekalb County, Missouri / Years Ended December 31, 2005 and 2004	12-2006	2006-74
Ozark Fire Protection District / Year Ended December 31, 2005	12-2006	2006-73
Hickory County, Missouri / Years Ended December 31, 2005 and 2004	12-2006	2006-72
Miller County, Missouri / Years Ended December 31, 2005 and 2004	12-2006	2006-71
Greene County Fire Protection Districts / Years Ended December 31, 2005, 2004 and 2003	12-2006	2006-70
Health and Senior Services / Home and Community-Based Services	11-2006	2006-69
Washington County, Missouri / Years Ended December 31, 2005 and 2004	11-2006	2006-68
Gasconade County, Missouri / Years Ended December 31, 2005 and 2004	11-2006	2006-67
Statewide / Information Technology Procurement and Management Practices	10-2006	2006-66
City of Clarkton, Missouri / Year Ended June 30, 2006	10-2006	2006-65
Village of Butterfield, Missouri / Year Ended December 31, 2005	10-2006	2006-64
Robinwood West Community Improvement District / Year Ended December 31, 2005	10-2006	2006-63

Mental Health / Joplin Regional Center	10-2006	2006-62
Social Services Children's Services Integrated Payment System - Data Accuracy and Integrity	10-2006	2006-61
Lincoln County, Missouri / Years Ended December 31, 2005 and 2004	09-2006	2006-60
Andrew County, Missouri / Years Ended December 31, 2005 and 2004	09-2006	2006-59
Scott County, Missouri / Years Ended December 31, 2005 and 2004	09-2006	2006-58
Monroe County, Missouri / Years Ended December 31, 2005 and 2004	09-2006	2006-57
Seventh Judicial Circuit / Clay County, Missouri	09-2006	2006-56
Douglas County, Missouri / Years Ended December 31, 2005 and 2004	09-2006	2006-55
Department of Health and Senior Services' Monitoring of Nursing Homes and Handling of Complaint Investigations	09-2006	2006-54
Audrain County, Missouri / Years Ended December 31, 2005 and 2004	09-2006	2006-53
Higher Education / Tuition Levels / Follow-up	08-2006	2006-52
Administration / Missouri Ethics Commission	08-2006	2006-51
City of Bosworth, Missouri / Year Ended December 31, 2005	08-2006	2006-50
City of Osborn / Year Ended March 31, 2005	08-2006	2006-49
Clay County Public Water Supply District #8 / Year Ended December 31, 2005	08-2006	2006-48
Lincoln County Public Water Supply District #2 / Year Ended December 31, 2005	08-2006	2006-47
Corrections / Jefferson City Correctional Center	08-2006	2006-46
Worth County, Missouri / Years Ended December 31, 2005 and 2004	08-2006	2006-45
Wheaton R-III School District / Year Ended June 30, 2005	07-2006	2006-44
Elementary And Secondary Education / School District Purchasing Practices	07-2006	2006-43
City of Pleasant Valley, Missouri / Year Ended June 30, 2005	07-2006	2006-42
Village of Truxton, Missouri / Year Ended April 30, 2005	07-2006	2006-41
City of Battlefield, Missouri / Year Ended June 30, 2005	06-2006	2006-40
Missouri Investment Trust	06-2006	2006-39
Office of the State Treasurer / Year Ended June 30, 2005	06-2006	2006-38
Revenue / Branch Office Conversion	06-2006	2006-37
Twenty-First Judicial Circuit / St. Louis County, Missouri	06-2006	2006-36
Municipal Tax on Telecommunications Companies	06-2006	2006-35
Social Services / Children's Division-Early Childhood and Prevention Services-Early Head Start Contract With KCMC Child Development Corporation	06-2006	2006-34
Administration / Children's Trust Fund Board	05-2006	2006-33
Public Safety / Missouri Gaming Commission	05-2006	2006-32
Higher Education / Truman State University	05-2006	2006-31
Higher Education / Famous System Data Confidentiality and Security	05-2006	2006-30
Public Safety / Homeland Security Program	05-2006	2006-29
County Collector / St. Charles County, Missouri	05-2006	2006-28
City of Piedmont, Missouri / Year Ended June 30, 2005	05-2006	2006-27
Corrections / Probation and Parole Management	05-2006	2006-26

Monroe City Ambulance District / Year Ended September 30, 2005	05-2006	2006-25
Barry County, Missouri / Years Ended December 31, 2004 and 2003	05-2006	2006-24
Twenty-First Judicial Circuit / City of Country Club Hills, Missouri / Municipal Division	04-2006	2006-23
Corrections / St. Louis Community Release Center	04-2006	2006-22
Mental Health / Springfield Regional Center	04-2006	2006-21
Elementary and Secondary Education / High School Graduation Rates	04-2006	2006-20
Randolph County, Missouri / Years Ended December 31, 2004 and 2003	04-2006	2006-19
State of Missouri Single Audit / Year Ended June 30, 2005	03-2006	2006-18
Sixteenth Judicial Circuit City of Kansas City, Missouri / Municipal Division	03-2006	2006-17
Tobacco Settlement Funds	03-2006	2006-16
Recorder of Deeds Johnson County, Missouri	03-2006	2006-15
Information Technology / Information Security Management in State Agencies	03-2006	2006-14
Mental Health / Hawthorn Children's Psychiatric Hospital	03-2006	2006-13
Transportation Development Districts	03-2006	2006-12
Compilation of 2005 Criminal Activity Forfeiture Act Seizures	03-2006	2006-11
Natural Resources / Solid Waste Management Program	02-2006	2006-10
Thirty-Second Judicial Circuit / Cape Girardeau County, Missouri	02-2006	2006-09
Administration Review of Article X, Sections 16 Through 24, Constitution of Missouri Year Ended June 30, 2005	02-2006	2006-08
Economic Development Division of Professional Registration State Board of Cosmetology	02-2006	2006-07
Economic Development Division of Professional Registration State Board of Barber Examiners	02-2006	2006-06
St. Louis County Fire Protection Districts Years Ended December 31, 2004 and 2003	02-2006	2006-05
Comprehensive Annual Financial Report	01-2006	2006-04
City of Excelsior Estates, Missouri / Year Ended December 31, 2004	01-2006	2006-03
Missouri State Employees' Retirement System Four Years Ended June 30, 2004	01-2006	2006-02
Judiciary / Office of State Courts Administrator	01-2006	2006-01

Copies of the year 2006 audits or other audit reports can be obtained by contacting the State Auditor's Office by phone at (573) 751-4213, by e-mail at moaudit@auditor.mo.gov, or by mail at P.O. Box 869, Jefferson City, Missouri 65102.

APPENDIX B

Bonds Registered with the Missouri State Auditor's Office

The Missouri State Auditor's Office is responsible for reviewing and registering general obligation bonds issued by political subdivisions in Missouri, with certain exceptions, to ensure those bonds comply with both state law and the conditions of the contracts under which the bonds are issued. Information regarding each bond issue registered with this office since January 1, 2006 to December 31, 2006 are listed below.

Date of Registration	Bonds Issued By	Amount of Issue
12-29-2006	Ritenour School District	$14,935,000.00
12-29-2006	Windsor C-1 School District	$6,850,000.00
12-29-2006	McDonald County R-I School District	$6,765,000.00
12-28-2006	City of Ozark	$270,000.00
12-26-2006	School District of Washington	$6,445,000.00
12-21-2006	New Madrid Co R-I School District	$8,000,000.00
12-21-2006	Pattonville R-III School District	$9,500,000.00
12-21-2006	Consolidated School District No. 6	$6,250,000.00
12-21-2006	Andrew County	$108,000.00
12-21-2006	New Madrid County R-I School District	$993,000.00
12-21-2006	Wright City R-II School District	$2,250,000.00
12-20-2006	Park Hill School District	$2,900,000.00
12-20-2006	Lincoln County	$63,900.00
12-20-2006	Junior College District of East Central Missouri of Franklin, Crawford	$5,997,787.35
12-15-2006	Wright City R-II School District	$5,250,000.00
12-12-2006	Carl Junction R-I School District	$10,000,000.00
11-28-2006	Weaubleau R-III School District	$600,000.00
11-28-2006	City of Shrewsbury	$3,980,000.00
11-28-2006	Fort Zumwalt School District	$48,615,000.00
11-16-2006	Normandy School District	$1,399,000.00
11-01-2006	West St. Francois County R-IV School District	$1,800,000.00
10-31-2006	City of Weatherby Lake	$1,000,000.00
10-26-2006	Kingsville R-I School District	$1,600,000.00
10-26-2006	School District of Jennings	$2,820,000.00
10-24-2006	Fabius River Drainage District	$1,125,000.00

10-17-2006	Boles Fire Protection District	$4,430,000.00
10-05-2006	Central Jackson County Fire Protection District	$6,500,000.00
10-05-2006	Inter City Fire Protection District	$400,000.00
10-05-2006	City of Lake St Louis	$8,935,000.00
10-04-2006	Oran R-III School District	$500,000.00
10-04-2006	Hermitage R-IV School District	$1,550,000.00
10-04-2006	Pleasant Hill R-III School District	$1,500,000.00
10-04-2006	Meadow Heights R-II School District	$1,500,000.00
10-04-2006	Adrian R-III School District	$4,900,000.00
10-02-2006	Gravois Fire Protection District	$7,000,000.00
09-27-2006	City of Richmond Heights	$3,555,000.00
09-25-2006	Van Buren R-I School District	$500,000.00
09-20-2006	City of St Peters	$52,700.00
09-14-2006	Reorganized School District R-3	$9,990,000.00
09-11-2006	Macks Creek R-V School District	$750,000.00
08-30-2006	North Kansas City School District 74	$72,040,000.00
08-30-2006	City of Ozark	$1,165,000.00
08-29-2006	Washington Township	$75,000.00
08-29-2006	City of Polo	$150,000.0
08-25-2006	Consolidated School District No. 4	$3,000,000.00
08-22-2006	Weaubleau R-III School District	$1,419,998.40
08-22-2006	Green Township	$120,000.00
08-22-2006	East Prairie R-II School District	$2,750,000.00
08-16-2006	St. Charles County	$795,000.00
08-15-2006	Cottleville Community Fire Protection District	$2,000,000.00
08-09-2006	Pierce City R-VI School District	$1,630,000.00
08-08-2006	Municipal Library District of Maplewood, Missouri	$3,400,000.00
08-01-2006	Hughes Township	$100,000.00
07-27-2006	Monarch Chesterfield Levee District	$2,675,000.00
07-27-2006	Monarch Chesterfield Levee District	$7,880,000.00
07-26-2006	City of Centerview	$75,000.00
07-25-2006	City of Belton	$9,220,000.00
07-25-2006	Pleasant Hope R-VI School District	$1,275,000.00
07-25-2006	Malden R-I School District	$2,000,000.00
07-25-2006	Steelville R-III School District	$6,000,000.00
07-12-2006	Boone County	$182,000.00
07-11-2006	Hickory County R-I School District (Skyline)	$1,250,000.00

07-11-2006	Crane R-III School District	$1,850,000.00
07-06-2006	Neosho R-V School District	$12,500,000.00
07-05-2006	Riverside-Quindaro Bend Levee Dist	$20,100,000.00
06-29-2006	Raytown Fire Protection District	$7,740,000.00
06-29-2006	Harrisburg R-VIII School District	$1,400,000.00
06-28-2006	City of Ozark	$797,500.00
06-27-2006	City of Foristell	$539,000.00
06-26-2006	Sunrise R-IX School District	$2,000,000.00
06-26-2006	Miller County Nursing Home District	$1,860,000.00
06-26-2006	Fort Osage R-I School District	$8,000,000.00
06-26-2006	Van-Far R-I School District	$1,950,000.00
06-23-2006	Metro West Fire Protection District	$2,500,000.00
06-22-2006	McDonald County R-I School District	$8,235,000.00
06-22-2006	Wentzville R-IV School District	$24,000,000.00
06-19-2006	Lathrop R-II School District	$7,350,000.00
06-13-2006	Reorganized School District No. 1	$4,500,000.00
06-09-2006	Lincoln County R-III School District of Troy, Missouri	$12,000,000.00
06-07-2006	Ozark Reorganized School District No. 6	$10,000,000.00
06-07-2006	Windsor C-1 School District	$9,650,000.00
06-05-2006	Reorganized School District No. 2	$21,000,000.00
06-01-2006	Oran R-III School District	$2,000,000.00
06-01-2006	Butler R-V School District	$7,000,000.00
06-01-2006	New Bloomfield R-III School District	$600,000.00
06-01-2006	Union R-XI School District	$9,850,000.00
05-30-2006	Sullivan School District	$4,250,000.00
05-30-2006	School District of Joplin R-VIII	$7,100,000.00
05-30-2006	Orrick R-XI School District	$2,700,000.00
05-30-2006	Carthage R-IX School District	$30,000,000.00
05-30-2006	Leeton R-X School District	$1,490,000.00
05-30-2006	Reorganized School District No. 7	$32,000,000.00
05-30-2006	Farmington R-7 School District	$10,000,000.00
05-25-2006	City of Maplewood	$4,145,000.00
05-25-2006	Puxico R-VIII School District	$4,300,000.00
05-24-2006	Warren Co R-III School District	$18,000,000.00
05-23-2006	Nixa Reorganized School District No. R-2	$11,400,000.00
05-23-2006	Southern Boone County R-I School District	$6,595,000.00
05-23-2006	Park Hill School District	$33,000,000.00

05-22-2006	Lone Jack C-6 School District	$2,650,000.00
05-22-2006	Hallsville R-IV School District	$1,500,000.00
05-19-2006	El Dorado Springs R2 School Dist	$2,400,000.00
05-19-2006	Rockwood R-6 School District	$44,400,000.00
05-19-2006	Grundy Co R-V School District	$780,000.00
05-19-2006	Maries Co R-I School District	$2,500,000.00
05-19-2006	Benton County R-II School District	$2,500,000.00
05-18-2006	Webb City R-VII School District	$4,000,000.00
05-17-2006	School District of Webster Groves	$32,000,000.00
05-16-2006	School District of Springfield R-12	$96,500,000.00
05-16-2006	Princeton R-V School District	$3,000,000.00
05-16-2006	Grain Valley R-V School District	$6,000,000.00
05-16-2006	Advance R-IV School District	$1,500,000.00
05-15-2006	Hannibal 60 School District	$8,000,000.00
05-15-2006	Cassville R-IV School District	$7,100,000.00
05-10-2006	Oak Grove R-VI School District	$5,800,000.00
05-10-2006	DeSoto School District #73	$4,250,000.00
05-03-2006	Center School District No. 58	$9,810,000.00
05-03-2006	Camelot Sewer District	$300,000.00
05-03-2006	Claycomo, Missouri	$660,000.00
04-24-2006	Fort Zumwalt School District	$40,000,000.00
04-19-2006	City of Branson West	$804,999.65
04-14-2006	Northeast Randolph County R-IV School District	$1,610,000.00
04-07-2006	City of Lake Winnebago	$225,000.00
04-04-2006	Mexico School District No. 59	$3,100,000.00
03-31-2006	City of Wentzville	$1,510,000.00
03-27-2006	Northwest R-I School District	$3,670,000.00
03-23-2006	School District of Columbia	$9,995,000.00
03-20-2006	City of Peculiar	$225,000.00
03-14-2006	Morgan County	$222,000.00
03-13-2006	City of Cassville	$318,000.00
03-09-2006	Village of Bel-Ridge	$615,000.00
03-06-2006	Liberty Public School District No. 53	$9,995,000.00
03-06-2006	Reorganized School District No. 2 (Willard)	$9,510,000.00
02-28-2006	Excelsior Springs 40 School District	$5,255,000.00
02-28-2006	Reorganized School District No. 4	$9,000,000.00
02-17-2006	City of Marshfield	$4,000,000.00
02-17-2006	Morgan County	$670,000.00

02-17-2006	City of St Charles	$10,930,000.00
02-15-2006	Florissant Valley Fire Protection District	$5,000,000.00
02-14-2006	Monett R-I School District	$6,500,000.00
02-14-2006	Miller County	$66,000.00
02-07-2006	City of Wright City	$335,000.00
02-06-2006	City of Lee's Summit	$11,475,000.00
01-31-2006	Hallsville R-IV School District	$3,659,941.95
01-25-2006	Reorganized School District R-1	$9,735,000.00
01-25-2006	Richland R-I School District	$685,000.00
01-24-2006	Consolidated School District No. 2 (Raytown)	$9,995,000.00
01-18-2006	La Monte R-IV School District	$1,250,000.00
01-09-2006	Lincoln County R-III School District of Troy, Missouri	$8,095,000.00
01-04-2006	North St. Francois County R-I School District	$6,500,000.00